

ORIGINAL

FORMAL COMPLAINT



0000111672

TO: The Arizona Corporation Commission

FROM: Salt River Solar & Wind

RECEIVED

DATE: May 14, 2010

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DOCKET NO.: E-01575A-09-0429

ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission

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REGARDING: Formal Complaint: Sulphur Springs Valley Electric Cooperative
Failure to Pay 2009 Sunwatts Solar Rebates

MAY 14 2010

Dear Madam Chairman and Commissioners:

E-01575A-10-0196

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NR

The purpose of this document is file a formal complaint against Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) for not paying approved solar reservations in a timely manner that were reserved beginning in October 2009 and continuing through February 2010.

Salt River Solar & Wind (Salt River Solar) submitted reservation forms, received SSVEC approvals and commissioned twenty-two (22) solar power arrays, which are outlined in Exhibit A.

The total amount owed to Salt River Solar under the 2009 SSVEC Sunwatts rebate program is approximately \$345,796.75.

Salt River Solar has contacted SSVEC in an attempt to collect these funds, but has been informed that the expected payment date for these solar rebate checks is two years.

Salt River Solar respectfully requests that the Arizona Corporation Commission instruct SSVEC to pay these approved solar incentive payments as promised under the Sunwatts Rebate program within 30-days of the system's commissioning.

If not, Salt River should be allowed to collect an eight-percent interest fee compounded monthly for serving as a bank to fund SSVEC's Sunwatts solar rebate program.

SSVEC has stated that it cannot meet its financial obligations due to the funding and construction of its utility-owned distributed generation solar facilities located on the premises of forty-one local school properties.

It is not clear to Salt River Solar how SSVEC was allowed to utilize money that was apportioned to fund residential and commercial distributed generation solar power arrays and instead redirect the money to finance its own utility-owned solar projects at an artificially high price per installed watt.

How is it possible for a utility company to subcontract with Solon to install 41 utility-owned solar farms at an expense of \$11,480,000 using Clean Renewable Energy Bond (CREB) funding mechanism and then be allowed to pay off these capital

50 investments with money that was collected from ratepayers under the guise of a
51 Renewable Energy Standard Tariff (REST)?

52
53 Utility grid upgrades and expansion costs have been recovered once through the
54 customer's regular electric bill. Charging customers a second time to fund a utility-
55 owned electrical generation plant seems to be unethical.

56
57 Monies collected under the Sunwatts 2009 Incentive program should only be used to
58 fund the installation residential and commercial solar distributed generation systems
59 that are used to offset the use of carbon-based fuel by installing solar power arrays on
60 SSVEC customer premises, not utility owned assets.

61
62 Also in question is the Request for Proposal (RFP) process. According to Jack Blair,
63 the RFP was not made public by publishing a formal announcement in the public
64 notice section of a local newspaper, but instead it was only posted to the company's
65 website.

66
67 As a result Mr. Blair stated that only three RFPs were received. And of the three RFPs
68 received Solon's RFP bid at \$11.77 per installed watt was the lowest bid. A rate that
69 is four times higher than the going rate? Buying direct from the manufacturer usually
70 would result is a lower than average cost per installed watt. Buying a megawatt of
71 solar panels also should provide significant economies of scale.

72
73 Was this really the lowest bid for installing \$11 million worth of utility-owned solar
74 farms?

75
76 It would be great to see all three RFPs published for review, but unfortunately it is
77 impossible for the industry, peers and ratepayers to determine whether or not the RFP
78 selected provides the best return on investment for ratepayers.

79
80 In fact, instead of funding distributed generation solar power arrays on SSVEC
81 customers' premises that would normally produce free solar power that would be
82 used reduce customer electricity bills, SSVEC instead elected to use the REST money
83 to build utility-owned solar farms that are generating electricity that is fed back into
84 the grid in the same manner as any other power generation station, minus the free
85 electricity provided while school is in session.

86
87 Since SSVEC customers paid for these solar farms via a RES tariff, all profits from
88 the solar electricity being produced should be utilized to fund the Sunwatts 2009
89 Rebate Incentive Program until their rebate backlog is paid off.

90
91 And, if SSVEC's Sunwatts has been put on hold, perhaps the administrative fees to
92 manage their Sunwatts program also should be placed on hold.

93
94 According to SSVEC's 2009 Annual Report, the Company has \$55 million dollars in
95 its Patronage Capital Fund.

96
97 Because SSVEC invested \$11 million to construct capital intensive utility-owned
98 solar farms, the CREB loan payments should be paid out of the Patronage Capital
99 Fund, not the Sunwatts 2009 Solar Incentive program.

101 The Patronage Capital Fund is also paying a yearly dividend of ~\$260,000 to
102 cooperative members. If the cooperative cannot pay its debts, then all dividends
103 should be suspended until the Sunwatts 2009 Rebate Incentive Program backlog is
104 paid off.

106 For the record, it is very disappointing for a solar installation company to file twenty-
107 two (22) reservation forms, receive solar rebate approvals for each, finance the costs
108 of equipment purchases, install the systems, commission them, then be informed that
109 SSVEC will not pay the promised solar incentives because they "simply don't have
110 the money" and do not expect a payment for up to twenty-four months.

112 That is the equivalent of SSVEC's customer base telling them at the end of the
113 month, "Sorry, SSVEC, we simply do not have the money to pay our electricity bill
114 this month, but we can probably pay it off in two years."

116 It appears that SSVEC has some very creative accountants and, in our humble
117 opinion, it would be a wise to decision for the Commission to conduct a formal audit
118 on SSVEC's entire accounting system to ensure that ratepayers are not being charged
119 twice for capital improvements.

121 Salt River Solar would like to point out that an Arizona Solar feed-in tariff would
122 provide a welcome relief for faltering incentive programs, secretive RFPs and utility
123 companies that fail to pay the their solar reservation contracts in a timely manner.

126 Respectfully submitted on this 14th day of May 2010.

128 Mike Fricker

131 By 

133 Mike Fricker

134 General Manager/Owner

Exhibit A: SSVEC Past Due Rebates

| Name | Address | City | Zip | Size | Contract | Received | Approved | Commissioned | Owed | Past Due |
|------|----------------------|---------------|-------|-------|-----------|-----------|-----------|--------------|-------------|----------|
| | 3641 MOHAWK DR | SIERRA VISTA | 85635 | 5.16 | 04-Nov-09 | 13-Nov-09 | 16-Dec-09 | 03/10/10 | \$18,447.00 | 63 |
| | 1124 OCOTILLO DR | SIERRA VISTA | 85635 | 5.805 | 05-Nov-09 | 13-Nov-09 | 16-Dec-09 | 03/17/10 | \$18,808.00 | 56 |
| | 3049 ST. ANDREWS | SIERRA VISTA | 85635 | 3.44 | 09-Nov-09 | 12-Nov-09 | 14-Dec-09 | 03/01/10 | \$13,760.00 | 72 |
| | 3061 ST ANDREWS | SIERRA VISTA | 85635 | 3.44 | 09-Nov-09 | 30-Nov-09 | 16-Dec-09 | 03/01/10 | \$10,578.00 | 72 |
| | 2703 N CALLE SEIS | HUACHUCA CITY | 85616 | 4.3 | 04-Nov-09 | 13-Nov-09 | 16-Dec-09 | 03/10/10 | \$13,222.00 | 63 |
| | 322 MEADOWOOD | SIERRA VISTA | 85635 | 3.44 | 02-Jan-00 | 15-Sep-09 | 22-Oct-09 | 01/20/10 | \$12,600.00 | 112 |
| | 424 W. OAK ST. | HUACHUCA CITY | 85616 | 5.805 | 02-Jan-00 | 15-Sep-09 | 22-Oct-09 | 01/20/10 | \$22,640.00 | 112 |
| | 495 S. TAYLORS TRAIL | SIERRA VISTA | 85635 | 4.73 | 02-Jan-00 | 20-Oct-09 | 29-Nov-09 | 01/20/10 | \$18,920.00 | 112 |
| | 1004 RANCHO BLVD. | WESTSTONE | 85616 | 3.78 | 02-Jan-00 | 25-Sep-09 | 02-Jan-00 | 03/17/10 | \$15,120.00 | 56 |
| | 3704 E. MANDAN DR. | SIERRA VISTA | 85605 | 3.87 | 02-Jan-00 | 10-Sep-09 | 19-Nov-09 | 01/20/10 | \$15,480.00 | 112 |
| | 823 N. NORTH AVE. | SIERRA VISTA | 85635 | 3.87 | 02-Jan-00 | 13-Nov-09 | 29-Nov-09 | 01/13/10 | \$15,120.00 | 119 |
| | | SIERRA VISTA | | 4.73 | 26-Oct-09 | 27-Oct-09 | 29-Nov-09 | 01/13/10 | \$14,544.75 | 119 |
| | 528 S. CHASE | SIERRA VISTA | 85635 | 2.58 | 02-Jan-00 | 06-Oct-09 | 22-Oct-09 | 01/20/10 | \$8,127.00 | 112 |
| | 558 S. SKY RANCH RD | SIERRA VISTA | 85635 | 5.805 | 02-Jan-00 | 06-Oct-09 | 02-Jan-00 | 03/01/10 | \$23,220.00 | 72 |
| | 426 S. TAYLORS TRAIL | SIERRA VISTA | 85635 | 3.01 | 02-Jan-00 | 02-Nov-09 | 15-Nov-09 | 01/13/10 | \$12,040.00 | 119 |
| | 6227 E. DAKOTA | HEREFORD | 85615 | 5.16 | 11-Nov-09 | 24-Nov-09 | 15-Dec-09 | 03/01/10 | \$20,640.00 | 72 |
| | 386 S. CLUBHOUSE LN. | SIERRA VISTA | 85635 | 3.87 | 26-Oct-09 | 27-Oct-09 | 16-Nov-09 | 01/20/10 | \$11,900.00 | 112 |
| | 914 SAGUARO | PEARCE | 85625 | 5.16 | 02-Jan-00 | 12-Nov-09 | 14-Dec-09 | 03/01/10 | \$15,480.00 | 72 |
| | 3318 E NAVAHO | SIERRA VISTA | 85650 | 5.805 | 09-Nov-09 | 28-Dec-09 | 01-Feb-10 | 03/01/10 | \$17,850.00 | 72 |
| | 6317 E. GATEWAY DR. | SIERRA VISTA | 85635 | 3.01 | 04-Nov-09 | 13-Nov-09 | 16-Dec-09 | 03/01/10 | \$12,040.00 | 72 |
| | 260 S. CLUBHOUSE | SIERRA VISTA | 85635 | 3.01 | 02-Nov-09 | 12-Nov-09 | 16-Dec-09 | 03/01/10 | \$12,040.00 | 72 |
| | 3114 E. SAN XAVIER | SIERRA VISTA | 85635 | 5.805 | 12-Nov-09 | 24-Nov-09 | 14-Dec-09 | 03/01/10 | \$23,220.00 | 72 |

Total: \$345,796.75